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FM AMEMBASSY BANGKOK
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UNCLAS BANGKOK 003792

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DEPT FOR EB CMOORE AND WCRAFT
DEPT PASS USTR FOR DWOSKIN AND ROHDE
GENEVA FOR ALLGEIER AND SHARK
USDOC FOR JKELLY

E.O. 12958:N/A

TAGS: WTRO ETRD ECON TH

SUBJECT: THAI MARKET ACCESS POSITIONS IN THE WTO

REF: A) STATE 103936; B) STATE 104561

¶1. Econoff met with Ms. Sirinart Chairman, Director of Multilateral Trade Negotiations, and delivered talking points on WTO market access negotiations per reftels. Sirinart reiterated the Royal Thai Government's (RTG) commitment to the WTO negotiations and a successful conclusion of the Doha round by the end of 2006. She related that WTO Director General Pascal Lamy had recently expressed concern that Thailand had lost focus on the WTO in favor of pursuing bilateral trade agreements, but that Minister of Commerce Somkid was careful to allay these concerns.

Agricultural market access

¶2. Sirinart said the RTG was particularly focused on reform in agricultural market access and lamented that an agreement on modalities on agriculture had missed several deadlines to date. As a member of the G-20 group of developing nations, Thailand's position on market access in this area tracks closely with overall G-20 positions, though there were notable differences. Sirinart said the RTG did not consider itself to be a leader in the G-20, but preferred to play a role as facilitator within the group, guiding varied positions closer to consensus.

¶3. Sirinart said the RTG position on minimizing "special products" for exemption from tariff cuts was similar to that of the U.S. The RTG considered the U.S. position on special products to be ambitious, perhaps too ambitious to be a starting point for negotiations, but Sirinart emphasized that RTG goals were similar to those of the U.S., and that the RTG would be willing to work together to advance these positions. Within the G-20, the RTG is attempting to remove rice and sugar, two important Thai exports, from inclusion on any list of special products.

¶4. Sirinart said the RTG was substantially less supportive of domestic supports and hoped for greater cuts in U.S. farm support. Although Thailand is not directly affected by the U.S.'s support programs, the RTG sees them as production and market distorting, and possibly taking third markets away from Thai exports. Ms. Sunanta Kangvalkulkij, Director of Agriculture Negotiations, said that she had sensed some flexibility in the U.S. position on domestic support in recent weeks, and was surprised and somewhat disappointed that the talking points in reftel B reflected past positions and showed no flexibility.

¶5. Sirinart was not overly optimistic that the coming weeks would see great progress, noting that over 500 brackets remained in negotiating texts. She advised Minister Somkid to focus on making progress on core modalities. Sirinart expressed her hope that the U.S. and EU would move closer together toward what she saw as a more realistic middle position set out by the G-20. She recognized that

more cuts were needed than what the G-20 was advocating, but urged progress in order to move the round forward.

Services

16. Mr. Ron Sirivanasandha, Trade Officer for services negotiations, said the RTG considered the U.S. proposal to be ambitious, perhaps too much so, and complained that the U.S. position did not take into account situations in individual countries. Ron explained that for Thailand, financial and telecommunication services were in a transition period, presently developing regulations for management of these two industries. The RTG would find it difficult to make a commitment in WTO services negotiations in these two areas before these regulations were finalized. Ron recommended instead that negotiations proceed sector by sector and that the U.S. specify its priorities and look for agreement in each sector, rather than pushing for a "maximum position" of full liberalization in all sectors. Ron noted that the RTG could improve their offer in computer services.

NAMA

17. Mr. Nathasit Diskul, trade officer for non-agricultural market access, said the RTG was in favor of moving toward zero end rates in the market access negotiations, as was the U.S. However, he expressed RTG dismay over U.S. support for a proposal introduced by Turkey that would remove textile and clothing products from normal tariff cutting rates. While recognizing the sensitivity of apparel in the U.S., Nathasit said that U.S. support for this proposal was undermining the U.S. position on NAMA and sending a mixed signal to other developing countries. Other developing countries have mentioned to the RTG that they have been less willing to show flexibility on U.S. proposals on drugs and chemicals because of the U.S. stance on apparel.

18. Comment: The RTG sees itself as a facilitator in the market access negotiations, looking for a middle way through U.S., EU and developing country positions. Sirinart made a point of emphasizing RTG commitment to seeing positive results from this week's meetings in Geneva and completing the Doha round by year end. Despite the current unclear political situation in Thailand, the Department of Trade Negotiations does not appear to have been affected and we see no barriers to the RTG moving ahead with negotiating commitments in this round and obtaining approval for a final agreement. End Comment.

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